

BANK INDONESIA REGULATION

NUMBER 8/26/PBI/2006

CONCERNING

RURAL BANKS

THE GOVERNOR OF BANK INDONESIA,

- Considering :
- a. whereas a strong and efficient national banking system is essential to promote national economic growth and to support dynamic business development;
 - b. whereas as a part of the national banking, the organization of Rural Banks needs strengthening to realize a sound, strong, productive, and competitive industry in order to improve services to the public, especially micro and small-scale businesses;
 - c. whereas pursuant to the considerations set forth in letter a and letter b, it is deemed necessary to reorganize provisions concerning institutional aspects of Rural Banks in a Bank Indonesia Regulation;

- In view of :
- 1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette of the Republic Indonesia Number 3472)

as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette of the Republic of Indonesia Number 3790);

2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4357);

HAS DECREED :

To enact : **BANK INDONESIA REGULATION CONCERNING RURAL
BANKS**

CHAPTER I

GENERAL PROVISIONS

Article 1

Terminologies used in this Bank Indonesia Regulation are defined as follows.

1. Rural Bank, hereinafter referred to as RB, is a Rural Bank as referred to in Article 1 number 4 Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998 conducting conventional business.
2. Sharia Rural Bank, hereinafter referred to as SRB, is a Rural Bank as referred to in Article 1 number 4 Act Number 7 of 1992 concerning

Banking ...

Banking as amended by Act Number 10 of 1998 conducting business based on sharia principles.

3. Commercial Bank is a Commercial Bank as referred to in Article 1 number 3 Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998 conducting conventional business and/or based on sharia principles;
4. Branch Office is an RB office directly responsible to the head office of the RB concerned, which conducts business at a permanent address.
5. Cash Unit is an RB office whose business is to provide cash services, excluding extension of credit, in support of its supervising office, and which conducts business at a permanent address
6. Outdoor Cash Service is the provision of cash services to the public, including but not limited to :
 - a. Mobile Cash Service or Floating Cash Service, namely a cash service using land or water transportation;
 - b. Payment Point, namely a payment service operated under a cooperation between an RB and other party(ies);
 - c. Automated Teller Machine (ATM), namely an electronic cash service operating as a convenience for customers in conducting banking transactions, including but not limited to cash withdrawal, payment by bookkeeping transfer, and obtaining information on customer's account balance or account entries.
7. Board of Directors
 - a. for an RB legally incorporated as a Limited Liability Company, is the board of directors as referred to in Article 1 number 4 of Act Number 1 of 1995 concerning Limited Liability Companies;

b. for an RB ...

- b. for an RB legally incorporated as a Regional Government Enterprise, is the board of directors as referred to in Article 11 of Act Number 5 of 1962 concerning Regional Government Enterprises;
 - c. for an RB legally incorporated as a Cooperative is the executive board as referred to in Article 29 of Act Number 25 of 1992 concerning Cooperatives.
- 8. Board of Commissioners
 - a. for an RB legally incorporated as a Limited Liability Company is the board of commissioners as referred to in Article 1 number 5 of Act Number 1 of 1995 concerning Limited Liability Companies;
 - b. for an RB legally incorporated as a Regional Government Enterprise is the board of supervisors as referred to in Article 19 of Act Number 5 of 1962 concerning Regional Government Enterprises;
 - c. for a Bank legally incorporated as a Cooperative is the supervisory board as referred to in Article 38 of Act Number 25 of 1992 concerning Cooperatives.
- 9. Executive Officer is an officer exerting influence on RB or company policies and operations, and/or directly responsible to the Board of Directors, including but not limited to the management of a Branch Office.
- 10. Controlling Shareholder is a legal entity, an individual, and/or a business group which :
 - a. holds company or RB shares at 25% (twenty five percent) or more of shares issued and holds voting rights; or
 - b. holds company or RB shares less than 25% (twenty five percent) of shares issued and holds voting rights but has evidently exercised control on the RB either directly or indirectly.

11. Professional Certification Agency, hereinafter referred to as Certification Agency, is an agency regulating and drawing up certification system for members and prospective members of the Board of Directors of an RB, has met minimum requirements stipulated by Bank Indonesia, and holds accreditation issued by the authorized institution.

Article 2

An RB may be legally incorporated as a :

- a. Limited Liability Company;
- b. Cooperative; or
- c. Regional Government Enterprise.

CHAPTER II

ESTABLISHMENT OF RURAL BANKS

Article 3

- (1) Any RB may only be established and conduct business activities with a license of Bank Indonesia.
- (2) Any RB may be established and owned by :
 - a. Indonesian citizens;
 - b. an Indonesian legal entity wholly owned by Indonesian citizens;
 - c. a Regional Government; or
 - d. two ore more of the parties referred to letter a, letter b, and letter c.

Article 4

- (1) Paid up capital to establish an RB is stipulated at a minimum of :

a. Rp5,000,000,000.00 ...

- a. Rp5,000,000,000.00 (five billion rupiah), for an RB to be established in the area of the Capital City Territory of Jakarta;
 - b. Rp2,000,000,000.00 (two billion rupiah), for an RB to be established in provincial capital cities in Jawa and Bali islands and in the areas of Regencies or Municipalities of Bekasi, Bogor, Depok, and Tangerang;
 - c. Rp1,000,000,000.00 (one billion rupiah), for an RB to be established in provincial capital cities outside Jawa and Bali islands and in Jawa and Bali areas outside the areas as referred to in letter a and letter b;
 - d. Rp500,000,000.00 (five hundred million rupiah), for an RB to be established in other areas outside the areas as referred to in letter a, letter b, and letter c.
- (2) Paid up capital for an RB legally incorporated as a Cooperative comprises principal savings, mandatory savings, and endowments as regulated in Act concerning Cooperatives.
- (3) No less than 50% (fifty percent) of RB paid up capital shall be used for working capital.

CHAPTER III

LICENSING OF RURAL BANKS

Part One

General Provisions

Article 5

A license as referred to in Article 3 paragraph (1) shall be granted in two stages, namely :

a. Approval ...

- a. Approval in principle, namely approval to conduct preparations of the establishment of an RB;
- b. operating license, namely a license to conduct RB business activities after the completion of the preparations as referred to in letter a.

Part Two

Approval in Principle

Article 6

- (1) Application for approval in principle as referred to in Article 5 letter a shall be submitted at least by a prospective RB owner to the Board of Governors of Bank Indonesia, enclosing :
 - a. draft deed of incorporation, including draft statutes which includes at least :
 - 1. name and place of domicile;
 - 2. scope of business as an RB;
 - 3. capital;
 - 4. ownership; and
 - 5. authorities, responsibilities, and tenure of members of the Board of Directors and the Board of Commissioners;
 - b. ownership data in the form of :
 - 1. list of prospective shareholders including details of respective shareholdings, for an RB legally incorporated as a Limited Liability Company or Regional Enterprise;

2. list of ...

2. list of prospective members including details of principal savings and mandatory savings and list of endowments, for an RB legally incorporated as a Cooperative;
- c. list of prospective members of the Board of Directors and the Board of Commissioners, respectively enclosing :
 1. recent 4 x 6 cm photographs;
 2. photocopy of valid citizen identity card (KTP);
 3. curriculum vitae;
 4. written personal statement stating that never committed any disgraceful act in banking, finance, and other business and/or has never been convicted of a felony and/or is not under imposition of any sanction barring the person concerned from serving on the management of an RB, SRB, and/or Commercial Bank as stipulated in provisions concerning fit and proper test for RBs;
 5. written personal statement declaring that the person concerned has never been declared bankrupt and never becomes any shareholder, member of the Board of Directors, or member the Board of Commissioners found fault in causing a company to be declared bankrupt on the basis of a court sentence during the last 5 (five) years prior to the date of application;
 6. specimen signature and initial;
 7. photocopy of D-3 or Bachelor Degree Diploma or transcripts of completion of 110 credits in an undergraduate education program (S-1) legalized by the authorized institution, for prospective member of the Board of Directors;

8. written statement or evidence from the former bank of employment regarding operational experience in banking, for an experienced prospective member of the Board of Directors;
9. written statement on apprenticeship for at least 3 (three) months in any RB, for an inexperienced prospective member of the Board of Directors, signed by any member of the Board of Directors of RB apprenticing the prospective member of the Board of Directors;
10. passing certificate issued by a Certification Agency, for prospective member of the Board of Directors;
11. written statement or evidence from the former bank of employment regarding experience in banking, for an experienced prospective member of the Board of Commissioners;
12. written statement or evidence from an authorized institution and/or educational institution concerning education in banking previously attended, for an inexperienced prospective member of the Board of Commissioners;
13. written personal statement of prospective member of the Board of Directors stating that the person concerned does not have family ties as referred to in Article 25 paragraph (1);
14. written personal statement of prospective member of the Board of Directors concerning willingness not to serve in any concurrent position in excess of the provisions as referred to in Article 25 paragraph (2);
15. written statement of prospective member of the Board of Commissioners concerning willingness not to serve in any

concurrent position in excess of the provisions as referred to in Article 26 paragraph (3) and paragraph (4); and

16. written statement of prospective member of the Board of Commissioners concerning willingness to present results of supervision on RB to Bank Indonesia;
- d. draft organizational structure and number of personnel;
- e. analysis on potential and feasibility for establishment of the RB, including assessment on :
 1. demographic and economic aspects of the area;
 2. number and growth of banks, including micro-financial institutions;
 3. business plans including sources and allocations of funds and measures to be taken in realizing those plans;
 4. monthly financial projections for the first year and annual projections for the two subsequent years since the RB commences operations; and
 5. human resources planning;
- f. plans of working system and procedures;
- g. proof of capital payment at a minimum of 30% (thirty percent) of paid up capital as referred to in Article 4 paragraph (1) in the form of a photocopy of a deposit slip in favor of “The Board of Governors of Bank Indonesia, q.q. one of prospective owners for establishment of the RB concerned,” at a Commercial Bank in Indonesia, stating that the funds may be withdrawn only after receipt of written approval of the Board of Governors of Indonesia; and
- h. written statement of prospective shareholders for an RB legally incorporated as a Limited Liability Company or Regional Government

Enterprise or of prospective members for an RB legally incorporated as a Cooperative, stating that the payment of capital as referred to in letter g :

1. does not originate from any loan or financing facility in any form whatsoever from any bank and/or any other party, and
2. does not originate from nor is intended for money laundering.

(2) List of prospective shareholders or prospective members as referred to in paragraph (1) letter b:

- a. in the case of an individual, shall enclose :
 1. documents as referred to in paragraph (1) letter c number 1 up to number 5; and
 2. written statement of prospective Controlling Shareholder affirming willingness to resolve any capital and liquidity difficulties faced by RB in the course of its business;
- b. in the case of a legal entity, shall enclose :
 1. deed of incorporation, including statutes and amendments thereto, legalized by the authorized institution, except for a Regional Government;
 2. documents as referred to in paragraph (1) letter c number 1 up to number 5, for all members of the Board of Directors and the Board of Commissioners of the legal entity concerned, except for a Regional Government;
 3. list of shareholders including details of respective shareholdings, for a legal entity incorporated as a Limited Liability Company or composition of management including details of principal savings and mandatory savings and list of endowments for a legal entity

incorporated ...

incorporated as a Cooperative;

4. financial statement for the end of the month prior to the date of submission of application for approval in principle;
5. financial statement of the legal entity, audited by a Public Accountant, for the position of no more than 6 (six) months prior to the date of submission of application for approval in principle, for a legal entity with equity participation of Rp1,000,000,000.00 (one billion rupiah) or more, except for a Regional Government;
6. written statement of legal entity management affirming willingness to resolve any capital and liquidity difficulties faced by the RB in the course of its business, if the legal entity is a prospective Controlling Shareholder of the RB;
7. written statement of Controlling Shareholder of prospective Controlling Shareholder affirming willingness to resolve any capital and liquidity difficulties faced by an RB in the course of its business, except for a Regional Government;
8. the entire structure of business group related to the RB and the legal entities controlling the RB up to the ultimate shareholder, except for a Regional Government; and
9. written statement of the legal entity management stating that the party concerned has submitted true and comprehensive information on the business group structure of the RB up to the ultimate shareholder, if the legal entity is a prospective Controlling Shareholder of the RB.

Article 7

- (1) Approval or rejection of application for approval in principle shall be issued no later than 60 (sixty) days since the receipt of a complete application.
- (2) With regard to the approval or rejection as referred to in paragraph (1), Bank Indonesia shall :
 - a. examine and verify the documents;
 - b. conduct a fit and proper test through administrative inquiry and interview with the prospective Controlling Shareholder, prospective members of the Board of Directors and the Board of Commissioners, in compliance with the provisions concerning fit and proper test for RBs; and
 - c. assess the analysis on potential and feasibility for establishment of the RB as referred to in Article 6 paragraph (1) letter e.
- (3) In addition to the provisions as referred to in paragraph (2), parties applying for establishment of the RB are required to deliver presentation to Bank Indonesia on the analysis on potential and feasibility for establishment of the RB.

Article 8

- (1) Approval in principle as referred to in Article 7 paragraph (1) shall be effective for 360 (three hundred and sixty) days since the date of issue and shall not be extendable.
- (2) A party having obtained approval in principle shall be prohibited from conducting business prior to obtaining an operating license.
- (3) If within the period as referred to in paragraph (1) the prospective RB owner fails to submit any application for operating license to Bank Indonesia, the

previously ...

previously issued approval in principle shall be declared no longer valid.

Part Three

Operating License

Article 9

Application for operating license as referred to in Article 5 letter b shall be submitted by the Board of Directors of RB to the Board of Governors of Bank Indonesia, enclosing :

- a. deed of incorporation, containing legal entity's statutes legalized by the authorized institution;
- b. ownership data comprising :
 - 1. list of shareholders including details of respective shareholdings, for an RB legally incorporated as a Limited Liability Company or Regional Government Enterprise; or
 - 2. list of members including details of principal savings and mandatory savings and list of endowments, for an RB legally incorporated as a Cooperative,respectively enclosing documents as referred to in Article 6 paragraph (2), in case of any revision;
- c. list of prospective members of the Board of Directors and the Board of Commissioners, enclosing documents as referred to in Article 6 paragraph (1) letter c, in case of any revision;
- d. organizational structure and working systems and procedures, including composition of personnel;
- e. proof of payment of paid up capital as referred to in Article 4 paragraph (1),

in the form ...

in the form of a photocopy of a deposit slip in favor of “The Board of Governors of Bank Indonesia, q.q. one of the owners for establishment of the RB concerned” at a Commercial Bank in Indonesia, stating that the funds may be withdrawn only after a written approval of the Board of Governors of Bank Indonesia;

- f. written statement of shareholder for an RB legally incorporated as a Limited Liability Company or Regional Government Enterprise or of member for an RB legally incorporated as a Cooperative, stating that the payment of capital as referred to in letter e:
 - 1. does not originate from any loan or financing facility in any form whatsoever extended by any bank and/or any other party; and
 - 2. does not originate from nor is intended for money laundering;
- g. evidence of operational readiness, comprising at least :
 - 1. list of fixed assets and inventory;
 - 2. evidence of occupancy in the form of ownership or leasing agreement for office premises, supported by evidence of ownership from the lessor;
 - 3. photographs of office building and layout of office space;
 - 4. specimen forms/slips to be used in RB operations;
 - 5. Taxpayer Identification Number (NPWP).

Article 10

- (1) Approval or rejection of application for operating license shall be issued no later than 60 (sixty) days since the receipt of a complete application.
- (2) With regard to the approval or rejection as referred to in paragraph (1), Bank Indonesia shall:
 - a. examine and verify the documents; and

b. conduct ...

- b. conduct a fit and proper test encompassing administrative inquiry and interview with the prospective Controlling Shareholder, prospective members of the Board of Directors and the Board of Commissioners in compliance with provisions concerning fit and proper test for RBs, in the event of any replacement of previously nominated candidate.

Article 11

- (1) An RB which has obtained an operating license from Bank Indonesia is required to open for business no later than 60 (sixty) days since the date of issuance of the operating license.
- (2) Report of opening for business as referred to in paragraph (1) shall be submitted by the RB to Bank Indonesia no later than 10 (ten) days after the date of the commencement of operations, enclosing a Certificate of Company Registration.
- (3) If after the period as referred to in paragraph (1) the RB has not opened business, the previously issued operating license shall be declared no longer valid.

Article 12

Any RB which has obtained an operating license from the Board of Governors of Bank Indonesia is required to inscribe the legal incorporation and the words “Bank Perkreditan Rakyat” or the abbreviation “BPR” in front of the RB name in accordance with statutes of the RB.

CHAPTER IV

OWNERSHIP AND CHANGES IN RURAL BANK CAPITAL

Article 13

- (1) Ownership of an RB by a legal entity as referred to in Article 3 paragraph (2) letter b shall not exceed the net worth of the legal entity concerned and shall not exceed the amount permitted for the legal entity in compliance with applicable laws and regulations.
- (2) Net worth as referred to in paragraph (1) represents :
- a. the sum of paid up capital, reserves, and profits deducted by equity participation and losses, for legal entity incorporated as a Limited Liability Company or Regional Government Enterprise;
 - b. the sum of principal savings, mandatory savings, endowments, equity capital, reserve funds, and operating results deducted by equity participation and losses, for legal entity incorporated as a Cooperative;
 - c. the sum of donations or untied grants, *wakaf*, and endowments not in contravention of the statutes and/or applicable laws and regulations, for legal entity incorporated as a foundation.

Article 14

The following are prohibited sources of funds for use in acquiring ownership of an RB.

- a. funds originating from any loan or financing facility in any form whatsoever from any bank and/or any other party, except from Regional Government Budget (APBD); and
- b. funds originating from and intended for money laundering.

Article 15 ...

Article 15

- (1) Parties eligible to become owners of an RB shall be :
 - a. not included in the list of persons barred from becoming shareholders and/or the management of RB, SRB, and/or Commercial Bank in compliance with provisions stipulated by Bank Indonesia.
 - b. according to Bank Indonesia assessment, possessing integrity, including but not limited to :
 1. good character and strong moral values;
 2. willingness to comply with applicable laws and regulations; and
 3. willingness to develop sound RB operations.
- (2) In addition to requirements to comply with the provisions as referred to in paragraph (1), Controlling Shareholders shall also be required to meet requirements for financial standing in accordance with provisions concerning fit and proper test for RBs.

Article 16

- (1) Any change of ownership due to transfer of shares resulting in change and/or emergence of a Controlling Shareholder of an RB must obtain prior approval from Bank Indonesia and shall be subject to procedures for replacement and/or addition of RB owners as stipulated in applicable laws and regulations.
- (2) Application for approval of change in ownership as referred to in paragraph (1) shall be submitted to Bank Indonesia enclosing documents as referred to in Article 6 paragraph (1) letter b and letter c number 1 up to number 5.

(3) Approval ...

- (3) Approval or rejection of the application for change in ownership as referred to in paragraph (2) shall be issued no later than 30 (thirty) days since the receipt of a complete application.
- (4) The RB is required to convene a Shareholder General Meeting or Member Meeting to adopt the change in ownership as referred to in paragraph (3) no later than 90 (ninety) days since the date of approval by Bank Indonesia.
- (5) If the Shareholder General Meeting or Member Meeting as referred to in paragraph (4) may not be convened within the prescribed timeframe, the approval of Bank Indonesia as referred to in paragraph (2) shall be declared no longer valid.
- (6) The adoption of change in ownership as referred to in paragraph (4) must be reported to Bank Indonesia no later than 10 (ten) days since the date of change, enclosing :
 - a. proof of payment;
 - b. minutes of the Shareholder General Meeting or Member Meeting;
 - c. notarized amendment to statutes;
 - d. evidence of report on the amendment to statutes as referred to in letter c to the authorized institution;
 - e. written statement of shareholder as referred to in Article 6 paragraph (1) letter h; and
 - f. list of shareholders including details of respective shareholdings, for an RB legally incorporated as a Limited Liability Company or Regional Government Enterprise, or list of members including details of principal savings and mandatory savings and list of endowments, for an RB legally incorporated as a Cooperative.

Article 17

- (1) Any replacement and/or change in owners which does not result in emergence of a Controlling Shareholder of an RB must obtain prior approval of Bank Indonesia.
- (2) Application for change and/or addition of owners as referred to in paragraph (1) shall be submitted to Bank Indonesia enclosing complete documents as referred to in Article 6 paragraph (1) letter b and letter c number 1 up to number 5.
- (3) Approval of planned replacement and/or addition of owners as referred to in paragraph (1) shall be issued no later than 30 (thirty) days since the receipt of a complete application.
- (4) The RB shall convene a Shareholder General Meeting or Member Meeting to adopt the replacement and/or addition of owners approved by Bank Indonesia as referred to in paragraph (3) no later than 90 (ninety) days since the date of approval by Bank Indonesia.
- (5) If the Shareholder General Meeting or Member Meeting as referred to in paragraph (4) may not be convened within the prescribed timeframe, the approval from Bank Indonesia as referred to in paragraph (3) shall be declared no longer valid.
- (6) Replacement and/or addition of owners as referred to in paragraph (3) must be reported to Bank Indonesia no later than 10 (ten) days since the date of adoption of the replacement and/or addition, enclosing the documents as referred to in Article 16 paragraph (6).

Article 18

- (1) Any change in composition of ownership of an RB which does not result in replacement and/or addition of Controlling Shareholder shall be reported to Bank Indonesia no later than 10 (ten) days since the change.
- (2) The change in composition of ownership as referred to in paragraph (1) resulting from addition of paid up capital shall be reported to Bank Indonesia enclosing documents as referred to in Article 16 paragraph (6).
- (3) The change in composition of ownership as referred to in paragraph (1) not resulting from addition of paid up capital shall be reported to Bank Indonesia enclosing documents as referred to in Article 16 paragraph (6) letter b, letter c, letter d, and letter f.

Article 19

Any addition of paid up capital not resulting in a change in composition of RB ownership shall be reported to Bank Indonesia no later than 10 (ten) days since the addition of paid up capital enclosing documents as referred to in Article 16 paragraph (6).

Article 20

- (1) The amount of paid up capital of an RB after the change in ownership as referred to in Article 16, Article 17, Article 18 paragraph (2), and Article 19 shall comply with the provisions as referred to in Article 4 paragraph (3).
- (2) In order to ensure adequacy of the working capital as referred to in Article 4 paragraph (3), the RB is required to ensure that the amount of fixed assets and inventory shall be no more than 50% (fifty percent) of paid up capital.

Article 21

- (1) Any change in authorized capital shall be reported to Bank Indonesia no later than 10 (ten) days since the receipt of the letter of approval of amendment to statutes from the authorized institution, enclosing :
 - a. minutes of Shareholder General Meeting or Member Meeting; and
 - b. amendment to statutes legalized by the authorized institution.
- (2) RBs are required to duly administer :
 - a. register/list of shareholders and any amendment thereto, for an RB legally incorporated as a Limited Liability Company or Regional Government Enterprise;
 - b. register of members and any amendment thereto, for an RB legally incorporated as a Cooperative.

CHAPTER V

**BOARD OF DIRECTORS, BOARD OF COMMISSIONERS,
AND EXECUTIVE OFFICERS**

Article 22

- (1) Members of the Board of Directors and the Board of Commissioners shall meet the following requirements.
 - a. competence;
 - b. integrity; and
 - c. financial reputation.
- (2) The requirement of competence for members of the Board of Commissioners as referred to in paragraph (1) letter a shall be met at least

by 50% ...

by 50% (fifty percent) of members of the Board of Commissioners in knowledge and/or experience in banking.

- (3) The fulfillment of requirement for members of the Board of Directors and Board of Commissioners as referred to in paragraph (1) shall be in compliance with provisions concerning fit and proper test for RBs.

Article 23

- (1) The number of members of the Board of Directors shall be no less than 2 (two) persons.
- (2) The minimum level of formal education for members of the Board of Directors shall be D-3 or Bachelor Degree or a completion of at least 110 credits in undergraduate education program (S-1).
- (3) At least 50% (fifty percent) of members of the Board of Directors shall :
 - a. possess experience as an officer in banking operations for at least 2 (two) years; or
 - b. have been in apprenticeship for at least 3 (three) months in any RB and hold a passing certificate issued by a Certification Agency when proposed as prospective member of the Board of Directors.

Article 24

Any member of the Board of Directors shall hold a passing certificate issued by a Certification Agency.

Article 25

- (1) Any member of the Board of Directors shall be prohibited from having family ties with :

a. other ...

- a. other member of the Board of Directors as parent, child, parent-in-law, son/daughter-in-law, husband, wife, natural brother/sister or brother/sister-in-law; and/or
 - b. member of the Board of Commissioners as parent, child, parent-in-law, son/daughter-in-law, husband, wife, or natural brother/sister.
- (2) Any member of the Board of Directors is prohibited from serving in concurrent positions as a member of the Board of Directors or an Executive Officer at any other bank, company, or institution.
 - (3) Any member of the Board of Directors is prohibited from granting general empowerment resulting in unlimited transfer of duties and powers.

Article 26

- (1) The number of members of the Board of Commissioners shall be no less than 2 (two) persons.
- (2) At least 50 % (fifty percent) of members of the Board of Commissioners as referred to in paragraph (1) shall possess knowledge and/or experience in banking.
- (3) Any member of the Board of Commissioners may serve in concurrent position as a commissioner at no more than 2 (two) other RBs or SRBs.
- (4) Any member of the Board of Commissioners is prohibited from serving in concurrent position as a member of the Board of Directors at RB, SRB, and/or Commercial Bank.
- (5) Members of the Board of Commissioners shall convene a regular meeting of the Board of Commissioners at least 4 (four) times a year.
- (6) If needed by Bank Indonesia, members of the Board of Commissioners shall present the results of their supervision on the RB.

Article 27

In the event of any conflict of interest, any member of the Board of Directors, member the Board of Commissioners, and Executive Officer shall be prohibited from making any decision.

Article 28

- (1) In the event of any extension of tenure and/or replacement of any member of the Board of Directors and/or the Board of Commissioners, the prospective member of the Board of Directors and/or the Board of Commissioners shall obtain approval of Bank Indonesia before appointed and occupying the position.
- (2) Application for the extension of tenure of any member of the Board of Directors and/or the Board of Commissioners as referred to in paragraph (1) shall be submitted by member of the Board of Directors to Bank Indonesia prior to the Shareholder General Meeting or Member Meeting to adopt the extension of tenure enclosing the documents as referred to in Article 6 paragraph (1) letter c number 1 up to number 6 and number 13 up to number 16.
- (3) Application for the replacement of any member of the Board of Directors and/or the Board of Commissioners as referred to in paragraph (1) shall be submitted by member of the Board of Directors to Bank Indonesia prior to the Shareholder General Meeting or Member Meeting to adopt the extension of tenure enclosing the documents as referred to in Article 6 paragraph (1) letter c number 1 up to number 16.
- (4) Approval or rejection of the application for extension of tenure and/or replacement of any member the Board of Directors and/or the Board of

Commissioners shall be issued no later than 30 (thirty) days since the receipt of a complete application.

- (5) With regard to the approval or rejection as referred to in paragraph (3), Bank Indonesia shall conduct assessments in compliance with the provisions concerning fit and proper test for RBs.

Article 29

- (1) An RB shall convene a Shareholder General Meeting or Member Meeting to appoint members of the Board of Directors and/or the Board of Commissioners no later than 90 (ninety) days since the date of approval by Bank Indonesia as referred to in Article 28 paragraph (1).
- (2) The appointment of members the Board of Directors and/or the Board of Commissioners shall be reported to Bank Indonesia no later than 10 (ten) days since the appointment enclosing minutes of the Shareholder General Meeting or Member Meeting .
- (3) The minutes of the Shareholder General Meeting or Member Meeting as referred to in paragraph (2) shall be enclosed with notarized amendment to the statutes, evidence of reporting of amendment to the statutes to the authorized institution and the latest composition of the RB management.
- (4) If the Shareholder General Meeting or Member Meeting as referred to in paragraph (1) may not be convened within the prescribed timeframe, the approval of Bank Indonesia for the prospective members of the Board of Directors and/or the Board of Commissioners as referred to in Article 28 paragraph (1) shall be declared no longer valid.

Article 30

- (1) Any appointment of an Executive Officer shall be reported to Bank Indonesia no later than 10 (ten) days since the effective date of appointment, enclosing :
 - a. letter of appointment, and especially in the case of Branch Manager, enclosing a letter of empowerment from the Board of Directors of the RB;
 - b. recent 4 x 6 cm photographs;
 - c. photocopy of valid citizen identity card (KTP);
 - d. curriculum vitae; and
 - e. specimen signature and initial.
- (2) If according to Bank Indonesia assessments and inquiries, an Executive Officer is included in a list of persons barred from becoming shareholders, Controlling Shareholders, the management, or Executive Officers of any RB, SRB, and/or Commercial Bank, the RB shall dismiss the person concerned no later than 30 (thirty) days since the date of notification from Bank Indonesia.
- (3) The dismissal of an Executive Officer as referred to in paragraph (2) shall be reported to Bank Indonesia no later than 10 (ten) days since the date of dismissal.

CHAPTER VI
OPENING OF RURAL BANK OFFICES

Part One
Opening of Branch Offices

Article 31

- (1) Any RB may establish a Branch Office only in the same province as its head office.
- (2) The establishment of a Branch Office as referred to in paragraph (1) may only proceed pursuant to a license from Bank Indonesia.
- (3) The Capital City Territory of Jakarta and Regencies or Municipalities of Bekasi, Bogor, Depok, Karawang, and Tangerang are stipulated as one provincial area for establishment of a Branch Office.
- (4) The provisions as referred to in paragraph (3) shall also be in force for the opening of a Branch Office in the area concerned emerging from a merger or consolidation.

Article 32

- (1) Any RB intending to open a Branch Office shall meet requirements as follows.
 - a. disclosure of the plan for establishment of the Branch Office in the RB annual work plan;
 - b. rated sound during the last 12 (twelve) months;
 - c. possessing a capital adequacy ratio (CAR) at a minimum of 10% (ten percent) during the last 3 (three) months; and

d. possessing ...

- d. possessing a sufficient information technology.
- (2) Each application as referred to in paragraph (1) may only be submitted for the opening of 1 (one) Branch Office.
- (3) The following application for the opening of a Branch Office may only be submitted no earlier than 3 (three) months after the application as referred to in paragraph (2) is approved by Bank Indonesia.

Article 33

A license of establishment of a Branch Office as referred to in Article 31 paragraph (2) shall be issued in 2 (two) stages :

- a. approval in principle for establishment of a Branch Office, namely approval to conduct preparations for the establishment of the Branch Office;
- b. operating license for the Branch Office, namely license to open the Branch Office after completion of the preparations as referred to in letter a.

Article 34

Application for approval in principle for establishment of a Branch Office as referred to in Article 33 letter a shall be submitted by the RB to Bank Indonesia enclosing an analysis on the potential and feasibility of establishment of the Branch Office with reference to Article 6 paragraph (1) letter e.

Article 35

- (1) Approval or rejection of application for approval in principle for establishment of a Branch Office shall be issued no later than 30 (thirty) days since the receipt of the complete application.

(2) With ...

- (2) With regard to the approval or rejection as referred to in paragraph (1), Bank Indonesia shall :
- a. examine and verify the documents; and
 - b. conduct assessment on the analysis of the potential and feasibility of establishment of a Branch Office as referred to in Article 34.

Article 36

- (1) Approval in principle for establishment of a Branch Office as referred to in Article 33 letter a shall be effective for 120 (one hundred and twenty) days since the date of approval in principle for the establishment of the Branch Office.
- (2) If the RB fails to submit any application to Bank Indonesia for operating license for the Branch Office within the prescribed timeframe as referred to in paragraph (1), the issued approval in principle for establishment of the Branch Office shall be declared no longer valid.

Article 37

- (1) Application for an operating license for a Branch Office as referred to in Article 33 letter b shall be submitted by the RB enclosing evidence of operational readiness for opening of the Branch Office.
- (2) Approval or rejection of the application for operating license of a Branch Office shall be issued no later than 30 (thirty) days since the receipt of a complete application
- (3) With regard to the approval or rejection as referred to in paragraph (1), Bank Indonesia shall examine the operational readiness of the RB for opening of the Branch Office.

Article 38

- (1) Any RB having obtained an operating license for a Branch Office as referred to in Article 33 letter b shall open the Branch Office for business no later than 30 (thirty) days since the date of issuance of the license.
- (2) The opening of a Branch Office as referred to in paragraph (1) shall be reported to Bank Indonesia no later than 10 (ten) days since the date of opening.
- (3) If within the period as referred to in paragraph (1) the RB does not open the Branch Office, the operating license previously issued for the Branch Office shall be declared no longer valid.

Part Two

Opening of Cash Units

Article 39

- (1) Any opening of a Cash Unit shall be permitted only in the same Regency or Municipality as the RB supervising office.
- (2) Any RB intending to open a Cash Unit as referred to in paragraph (1) shall meet the following requirements.
 - a. the plan for opening the Cash Unit has been disclosed in the RB annual work plan; and
 - b. rated at least fairly sound during the last 12 (twelve) months.

Article 40

- (1) RBs are required to submit a plan for opening of Cash Units to Bank Indonesia.

(2) Bank ...

- (2) Bank Indonesia shall issue confirmation on the plan of opening as referred to in paragraph (1) no later than 30 (thirty) days since receiving the plan of opening of Cash Units.
- (3) The Cash Unit shall open for business no later than 30 (thirty) days since the date of confirmation by Bank Indonesia.
- (4) If the RB does not open the Cash Unit in the period as referred to in paragraph (3), the previously issued confirmation for the opening of the Cash Unit shall be declared no longer valid.
- (5) The opening of the Cash Unit as referred to in paragraph (3) shall be reported to Bank Indonesia no later than 10 (ten) days since the date of opening.

Part Three

Outdoor Cash Services

Article 41

- (1) Outdoor Cash Services by means of Mobile Cash Service, Floating Cash Service, and Payment Point may only be operated in the same regency or municipality as the RB supervising office.
- (2) Outdoor Cash Services by means of ATM conducted solely by the RB may only be operated in the same province as its RB supervising office.
- (3) Outdoor Cash Services by means of ATM under cooperation with a commercial bank may be operated reaching the areas beyond the province where RB supervising office resides.
- (4) Outdoor Cash Services as referred to in paragraph (1), paragraph (2), and paragraph (3) shall be reported to Bank Indonesia no later than 10 (ten)

days ...

days since the date of operation.

- (5) Outdoor Cash Services by means of ATM as referred to in paragraph (2) and paragraph (3) may only be operated with approval of Bank Indonesia.
- (6) Plans of Outdoor Cash Services as referred to in paragraph (1), paragraph (2), and (3) shall be disclosed in the RB annual work plan.

Article 42

Financial statements of Cash Units and Outdoor Cash Services shall be consolidated into the supervising office financial statements on the same day.

CHAPTER VII

CHANGE OF OFFICE ADDRESS

Article 43

The Head Office and any Branch Office of an RB may only change address with approval of Bank Indonesia.

Article 44

Approval of change of office address shall be issued in two stages :

- a. approval in principle for a change of office address, namely approval to conduct preparations for moving office;
- b. effective approval of a change of office address, namely approval to move office after completion of the preparations as referred to in letter a.

Article 45

- (1) Approval in principle for change of office address as referred to in Article

44 letter a shall be in effect only for a change of office address to areas outside the regency, municipality, or province.

- (2) Application for the approval in principle for change of office address as referred to in paragraph (1) shall be submitted to Bank Indonesia enclosing:
 - a. reasons of change of office address and plans of claim and liability transfer or settlement; and
 - b. analysis on the potential and feasibility of the change of office address, with reference to Article 6 paragraph (1) letter e.

Article 46

- (1) Approval or rejection of the application for approval in principle for the change of office address as referred to in Article 45 paragraph (2) shall be issued no later than 30 (thirty) days since the receipt of a complete application.
- (2) With regard to the approval or rejection as referred to in paragraph (1), Bank Indonesia shall :
 - a. examine and verify the documents as referred to in Article 45 paragraph (2) letter a; and
 - b. conduct assessment on the analysis on potential and feasibility of the change of office address as referred to in Article 45 paragraph (2) letter b.

Article 47

- (1) Approval in principle for the change of office address as referred to in Article 44 letter a shall be effective for a period of 180 (one hundred and eighty) days since the date of approval by Bank Indonesia.

(2) Any ...

- (2) Any RB shall be prohibited from changing office address prior to the effective approval of change of office address as referred to in Article 44 letter b.
- (3) If the RB fails to submit any application for effective approval within the period as referred to in paragraph (1), the previously issued approval in principle for change of office address shall be declared no longer valid.

Article 48

Application for effective approval of change of office address as referred to in Article 44 letter b shall be submitted to Bank Indonesia enclosing :

- a. evidence of announcement to the public as referred to in Article 49 paragraph (1) and evidence of office readiness, including facilities, for an RB intending to change its office address to outside the areas of the regency, municipality, or province;
- b. evidence of announcement to the public as referred to in Article 49 paragraph (1), reasons for the change of office address, plans of claim and liability transfer or settlement, and evidence of office readiness including its facilities, for an RB intending to change its office address within the same regency or municipality.

Article 49

- (1) Any RB is required to announce the planned change of office address to the public where the RB resides in local daily newspaper or on notice boards of all offices of the RB concerned no later than 10 (ten) days prior to the date of application for effective approval of change of office address as referred to in Article 48 to Bank Indonesia.

(2) With ...

- (2) With regard to the approval or rejection of application for effective approval of change of office address as referred to in Article 48, Bank Indonesia shall examine and verify the documents.
- (3) Approval or rejection of the application for effective approval for change of office address as referred to in paragraph (2) shall be issued no later than :
 - a. 30 (thirty) days for any RB intending to change its office address within the same regency or municipality; or
 - b. 60 (sixty) days for any RB intending to change its office address to the areas outside the regency, municipality, or province,since the receipt of a complete application.
- (4) The office is required to move no later than 30 (thirty) days since the date of effective approval of change of office address issued by Bank Indonesia.
- (5) If the RB fails to change its office address in the period as referred to in paragraph (4), the previously issued effective approval of change of office address shall be declared no longer valid.
- (6) The change of office address shall be reported to Bank Indonesia no later than 10 (ten) days since the date of change of office address.

Article 50

- (1) Any RB shall notify its plan to change the address of its Cash Unit to Bank Indonesia explaining the reasons of the moving and readiness of the Cash Unit.
- (2) A Cash Unit may only change its address as referred to in paragraph (1) after the RB has received a letter of confirmation from Bank Indonesia.

- (3) The confirmation as referred to in paragraph (2) shall be issued no later than 15 (fifteen) days since the receipt of the notification as referred to in paragraph (1) by Bank Indonesia.
- (4) The change of address of the Cash Unit shall be reported to Bank Indonesia no later than 10 (ten) days since the date of change.

Article 51

Any RB shall report any change of address of its Outdoor Cash Services by means of ATM and Payment Points to Bank Indonesia no later than 10 (ten) days since the date of change.

CHAPTER VIII

CHANGE OF NAME AND LEGAL INCORPORATION

Part One

Change of Name

Article 52

- (1) Any RB having obtained approval of change of name from the authorized institution is required to submit an application to Bank Indonesia for a ruling on use of the operating license held by the RB under the new name.
- (2) The application as referred to in paragraph (1) shall be submitted no later than 30 (thirty) days since the approval of the change of name, enclosing :
 - a. reasons of change of name; and
 - b. deed of amendment to statutes legalized by the authorized institution.
- (3) Based on the application as referred to in paragraph (2), Bank Indonesia

shall ...

shall issue approval of the change of RB name no later than 30 (thirty) days since the receipt of a complete application.

- (4) Any RB shall announce the change of its name to the public in a local daily newspaper or on notice boards of all offices of the RB concerned no later than 20 (twenty) days since the date of approval by Bank Indonesia.
- (5) Any RB is required to submit evidence of announcement as referred to in paragraph (4) to Bank Indonesia no later than 10 (ten) days since the date of announcement.

Part Two

Conversion of Legal Entity

Article 53

- (1) Any conversion of the legal entity of an RB shall be pursuant to applicable laws and regulations and may only proceed under approval of Bank Indonesia.
- (2) Approval of conversion of the legal entity of an RB as referred to in paragraph (1) shall be issued in two stages, namely :
 - a. approval in principle, namely approval to conduct preparations for conversion of the legal entity of the RB;
 - b. approval for conversion of operating license, namely approval to convert the operating license from the former legal entity to a new legal entity.

Article 54

- (1) Application for approval in principle for conversion of the legal entity of an RB as referred to in Article 53 paragraph (2) letter a shall be submitted to

Bank ...

Bank Indonesia prior to the Shareholder General Meeting or Member Meeting to decide the change of legal entity of the RB enclosing :

- a. reasons of the conversion of RB legal entity;
 - b. draft deed of incorporation of the new legal entity including statutes;
 - c. plans of assets and liability transfer from the former legal entity to the new legal entity;
 - d. documents as referred to in Article 6 paragraph (1) letter c number 1 up to number 16; and
 - e. ownership data as referred to in Article 6 paragraph (1) letter b.
- (2) Approval or rejection of the application for approval in principle as referred to in paragraph (1) shall be issued no later than 30 (thirty) days since the receipt of a complete application.
- (3) With regard to the approval or rejection as referred to in paragraph (2) Bank Indonesia shall :
- a. examine and verify the documents; and
 - b. conduct assessment on prospective Controlling Shareholder and prospective member of the Board of Directors and/or the Board of Commissioners in compliance with provisions concerning fit and proper test for RBs, in the event of any replacement or change.
- (4) Approval in principle as referred to in paragraph (2) shall be effective for 180 (one hundred and eighty) days since the date of approval.
- (5) If the RB fails to submit any application for conversion of operating license within the period of time as referred to in paragraph (4), the previously issued approval in principle shall be declared no longer valid.

Article 55

- (1) Application for conversion of the operating license of the RB from the former legal entity to a new legal entity as referred to in Article 53 paragraph (2) letter b shall be submitted to Bank Indonesia enclosing :
 - a. deed of incorporation of the new legal entity, including statutes legalized by the authorized institution;
 - b. list of prospective members of the Board of Commissioners and the Board of Directors enclosing documents as referred to in Article 6 paragraph (1) letter c number 1 up to number 16, in the event of any replacement;
 - c. ownership data as referred to in Article 6 paragraph (1) letter b, in case of any change;
 - d. notarized official record of all assets and liability transfer from the former legal entity to the new legal entity; and
 - e. minutes of Shareholder General Meetings or Member Meetings of the former legal entity which approve the conversion of the legal entity and the dissolution of the former legal entity.
- (2) Approval or rejection of the application for the conversion of operating license from the former legal entity to the new legal entity shall be issued no later than 30 (thirty) days since the receipt of a complete application.
- (3) With regard to the approval or rejection as referred to in paragraph (2), Bank Indonesia shall :
 - a. examine and verify the documents; and
 - b. conduct assessment on prospective member of the Board of Directors and/or the Board of Commissioners and/or Controlling Shareholder in

compliance with provisions concerning fit and proper test for RBs, in the event of any replacement or change.

Article 56

- (1) The former legal entity may only be dissolved after :
 - a. Bank Indonesia has issued approval for conversion of operating license as referred to in Article 53 paragraph (2) letter b; and
 - b. assets and liability transfer from the former legal entity to the new legal entity has been completed in compliance with the official record as referred to in Article 55 paragraph (1) letter d.
- (2) The conversion of the RB legal entity shall be announced to the public in a local daily newspaper or on notice boards of all offices of the RB concerned no later than 20 (twenty) days since the date of approval by Bank Indonesia.
- (3) The RB is required to submit evidence of the announcement on the change of the legal entity as referred to in paragraph (2) to Bank Indonesia no later than 10 (ten) days since the date of announcement.

CHAPTER IX

CLOSURE OF OFFICE

Article 57

- (1) Any Branch Office may be closed only with approval of Bank Indonesia.
- (2) Application for the closure of a Branch Office as referred to in paragraph (1) shall be submitted to Bank Indonesia enclosing reasons of the closure and settlement of all liabilities to customers and other parties.

(3) Approval ...

- (3) Approval or rejection of the application for closure of a Branch Office as referred to in paragraph (2) shall be issued no later than 15 (fifteen) days after :
 - a. the receipt of a complete application; and
 - b. the settlement of all liabilities, as confirmed by an examination.
- (4) The closure of a Branch Office as referred to in paragraph (1) shall be announced to the public in a local daily newspaper or notice boards of all offices of the RB concerned no later than 10 (ten) days since the date of approval by Bank Indonesia.
- (5) The closure of a Branch Office approved for closure as referred to in paragraph (3) shall be reported to Bank Indonesia no later than 10 (ten) days since the date of closure enclosing evidence of announcement as referred to in paragraph (4).

Article 58

- (1) Any plan of closure of a Cash Unit and Outdoor Cash Service shall be reported to Bank Indonesia enclosing reasons of the closure no later than 30 (thirty) days prior to the closure.
- (2) The RB shall announce the plan of closure of Cash Unit and Outdoor Cash Service to the public in a local daily newspaper or on notice boards of all offices of the RB concerned no later than 10 (ten) days prior to the closure.
- (3) The closure of Cash Unit and Outdoor Cash Service as referred to in paragraph (1) shall be reported to Bank Indonesia no later than 10 (ten) days since the date of closure enclosing evidence of announcement as referred to in paragraph (2).

Article 59

- (1) Any temporary closure of the head office and Branch Office other than on official holidays shall acquire approval of Bank Indonesia.
- (2) Application for the temporary office closure as referred to in paragraph (1) shall be submitted stating the reasons of closure, the period of closure, and the date of reopening.
- (3) Approval or rejection of the application for permission of temporary office closure shall be issued no later than 10 (ten) days since the receipt of the application.
- (4) The RB is required to announce the plan of temporary office closure to the public in a local daily newspaper or on notice boards of all offices of the RB concerned no later than 10 (ten) days prior to the date of closure since obtaining approval from Bank Indonesia.
- (5) The RB is required to submit evidence of announcement on the temporary office closure as referred to in paragraph (4) to Bank Indonesia no later than 3 (three) days since the date of announcement as referred to in paragraph (4).
- (6) The temporary office closure as referred to in paragraph (1) shall not exceed 5 (five) working days within 1 (one) calendar year.
- (7) The RB is required to report the reopening of the office no later than 10 (ten) days since reopens.

CHAPTER X

CONVERSION OF BUSINESS

Article 60

- (1) Any RB may convert business to an SRB pursuant to a license granted by the Board of Governors of Bank Indonesia.
- (2) Provisions concerning issuance of a license for the conversion of business of an RB to SRB as referred to in paragraph (1) shall be subject to Bank Indonesia Regulation concerning Sharia Rural Banks.

CHAPTER XI

VIOLATION OF REPORT OBLIGATION

Article 61

- (1) Any RB shall be found late in submitting a report if the RB submits the report in question surpassing the deadline of submission of report but no more than 30 (thirty) days since the deadline.
- (2) Any RB shall be found not submitting a report if the RB has not submitted the report within the period of late submission as referred to in paragraph (1).

CHAPTER XII

SANCTIONS

Article 62

- (1) Any RB failing to comply with provisions in Article 4 paragraph (3), Article 12, Article 13 paragraph (1), Article 14, Article 16 paragraph (1), Article 17

paragraph ...

paragraph (1), Article 20, Article 21 paragraph (2), Article 25 paragraph (3), Article 26 paragraph (5) and paragraph (6), Article 27, Article 28 paragraph (1), Article 39 paragraph (1), Article 40 paragraph (1), Article 41 paragraph (1), paragraph (2) and paragraph (5), Article 42, Article 43, Article 47 paragraph (2), Article 49 paragraph (1), Article 50 paragraph (1) and paragraph (2), Article 52 paragraph (1) and paragraph (4), Article 53 paragraph (1), Article 56 paragraph (1) and paragraph (2), Article 57 paragraph (1) and paragraph (4), Article 58 paragraph (1) and paragraph (2), Article 59 paragraph (1), paragraph (4) and paragraph (6), and Article 70 paragraph (1) and paragraph (4), shall be liable to administrative sanctions in compliance with Article 52 Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998, in the form of :

- a. written warning; and/or
 - b. downgrading in credit rating for bank rating.
- (2) Any RB failing to comply with provision in Article 11 paragraph (2), Article 16 paragraph (6), Article 17 paragraph (6), Article 18 paragraph (1), Article 19, Article 21 paragraph (1), Article 29 paragraph (2), Article 30 paragraph (1) and paragraph (3), Article 38 paragraph (2), Article 40 paragraph (5), Article 41 paragraph (4), Article 49 paragraph (6), Article 50 paragraph (4), Article 51, Article 56 paragraph (3), Article 57 paragraph (5), Article 58 paragraph (3), and Article 59, paragraph (5), and paragraph (7) shall be liable to administrative sanctions in compliance with Article 52 Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998, in the form of:
- a. written warning and a fine of Rp100,000.00 (one hundred thousand rupiah) for each late report as referred to in Article 61 paragraph (1);

b. written ...

- b. written warning and a fine of Rp250,000.00 (two hundred and fifty thousand rupiah), in the event of failing to submit a report as referred to in Article 61 paragraph (2).
- (3) Any party fails to comply with provisions in Article 3 paragraph (1), Article 8 paragraph (2), and Article 31 paragraph (2) shall be liable to criminal sanction in compliance with Article 46 Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998.

Article 63

- (1) Any RB failing to comply with the provision concerning requirement for paid up capital payment in stages as referred to in Article 69 paragraph (1) shall be liable to sanctions as follows.
 - a. prohibition against provision of new funds;
 - b. closure of Branch Office and Cash Unit;
 - c. termination of Outdoor Cash Services;
 - d. termination of business operations as moneychanger; and
 - e. obligation to move domicile of office to another area insofar as the paid up capital requirement in the area of destination of the move is met as referred as referred to in Article 69 paragraph (1).
- (2) The change of office address as referred to in paragraph (1) letter e shall be excluded from requirement to submit analysis on the potential and feasibility as referred to in Article 6 paragraph (1) letter e.

Article 64

Any RB failing to comply with the provisions in Article 70 paragraph (2) and paragraph (3) shall be liable to sanctions as follows.

a. closure ...

- a. closure of Branch Office and Cash Unit;
- b. termination of Outdoor Cash Services; and
- c. termination of business operations as moneychanger.

Article 65

Any member of the Board of Directors or the Board of Commissioners failing to comply with the provisions as referred to in Article 23 paragraph (2), Article 24, Article 25 paragraph (1), Article 30 paragraph (2,) and Article 71 paragraph (1) and paragraph (3), shall be prohibited from serving on the management of an RB.

Article 66

- (1) Any member of the Board of Directors or the Board of Commissioners failing to comply with provisions concerning concurrent positions as referred to in Article 25 paragraph (2) and Article 26 paragraph (3) and paragraph (4) shall resign from the office affecting the concurrent positions, no later than 30 (thirty) days since the date of the notification letter from Bank Indonesia.
- (2) Any member of the Board of Directors or the Board of Commissioners failing to meet the requirements as referred to in paragraph (1) shall be prohibited from serving on the management of an RB.

Article 67

- (1) Any member of the Board of Directors and/or the Board of Commissioners barred from serving in the management as referred to in Article 65 and Article 66 paragraph (2) shall resign no later than 90 (ninety) days since the date of notification letter from Bank Indonesia.

- (2) Parties barred from serving as members of the Board of Directors and/or the Board of Commissioners as referred to in paragraph (1) shall be prohibited from conducting any operational tasks of an RB and/or other activities with significant influence on the policy and financial of an RB.
- (3) If the parties as referred to in paragraph (1) are unwilling to resign :
 - a. the RB is required to convene a Shareholder General Meeting or Member Meeting to dismiss the parties concerned no later than 90 (ninety) days since the deadline as referred to in paragraph (1);
 - b. Bank Indonesia shall not recognize any and all legal ties between Bank Indonesia and the RB represented by the parties concerned; and
 - c. any action taken by the these parties shall represent the personal liability of the individual concerned.
- (4) If the Shareholder General Meeting or Member Meeting as referred to in paragraph (3) letter a may not be held, Bank Indonesia may designate and appoint a temporary replacement pending appointment of permanent replacement by the Shareholder General Meeting or Member Meeting under approval of Bank Indonesia.
- (5) Any shareholder failing to comply with the provision as referred to in paragraph (3) letter a shall be liable to sanctions in accordance with Article 50 Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998.

CHAPTER XIII

TRANSITIONAL PROVISIONS

Article 68

- (1) Approval in principle for establishment of an RB which has been issued by Bank Indonesia but has not obtained any operating license prior to the enactment of this Bank Indonesia Regulation shall remain valid.
- (2) Any application for approval in principle for establishment of an RB, application for opening of office, Outdoor Cash Services by means of ATM, change of office address, change of name and conversion of legal entity, and closure of office which has been submitted to Bank Indonesia and pending the issuance of approval or rejection shall be finalized under this Bank Indonesia Regulation.

Article 69

- (1) Any RB failing to meet the requirement for paid up capital as referred to in Article 4 paragraph (1) shall meet stipulations as follows.
 - a. at least 40% (forty percent) of paid up capital by December 31, 2006;
 - b. at least 70% (seventy percent) of paid up capital by December 31, 2008;
 - c. 100% (one hundred percent) of paid up capital by December 31, 2010.
- (2) Any RB which has really deposited a capital but has not been fully supported with prerequisites fulfilling requirements for a paid up capital shall be classified fulfilling the requirements for the paid up capital as referred to in paragraph (1) provided that the RB has reported it to or apply for approval/legalization to the authorized institution.

Article 70 ...

Article 70

- (1) Any RB which has not met the requirement as referred to in Article 12 shall bring itself into the compliance with the provision no later than 6 (six) month since the enactment of this Bank Indonesia Regulation.
- (2) Any RB which does not have the total number of members of the Board of Directors as referred to in Article 23 paragraph (1) shall bring itself into compliance with the provision no later than December 31, 2006.
- (3) Any RB which does not have the total number of members of the Board of Commissioners as referred to in Article 26 paragraph (1) shall bring itself into compliance with the requirement no later than December 31, 2008.
- (4) If the number of members of the Board of Commissioners has not met the provision as referred to in Article 26 paragraph (1) resulting that the meeting of the Board of Commissioners as referred to in Article 26 paragraph (5) may not be convened, the members the Board of Commissioners shall convene regular meeting with the Board of Directors at least 4 (four) times a year beginning with 2007.

Article 71

- (1) Any member of the Board of Directors not meeting the requirement for formal education as referred to in Article 23 paragraph (2) shall bring himself into compliance with the requirement no later than December 31, 2008.
- (2) Fulfillment of the requirement for prospective members of the Board of Directors to hold passing certificates as referred to in Article 6 paragraph (1) letter c number 10 shall be stipulated as follows.

a. after ...

- a. after December 31, 2006 for at least 1 (one) prospective members of the Board of Directors;
 - b. after December 31, 2008 for all prospective members of the Board of Directors.
- (3) The requirement for members of the Board of Directors to hold passing certificates as referred to in Article 24 shall be fulfilled as follows.
- a. at least 1 (one) member of the Board of Directors shall hold a passing certificate no later than December 31, 2006;
 - b. other member of the Board of Directors shall hold a passing certificate no later than December 1, 2008.

CHAPTER XIV

CONCLUDING PROVISIONS

Article 72

This Bank Indonesia Regulation shall not be effective for RBs formerly established as Village Credit Institutions (BKD) pursuant to *Staatsblad* Number 357 of 1929 and *Rijksblad* Number 9 of 1937.

Article 73

The implementation of provisions concerning RB shall be further stipulated in Bank Indonesia Circular Letter.

Article 74 ...

Article 74

- (1) With the enforcement of this Bank Indonesia Regulation, Bank Indonesia Regulation Number 6/22/PBI/2004 dated August 9, 2004 concerning Rural Banks shall be revoked and declared no longer valid.
- (2) The provisions of implementation of Bank Indonesia Regulation Number 6/22/PBI/2004 dated August 9, 2004 concerning Rural Banks, insofar as they are not contrary to this Bank Indonesia Regulation, shall be declared remain valid until revoked, replaced, or renewed.

Article 75

This Bank Indonesia Regulation shall be in force since its enactment.

Enacted in Jakarta

Dated November 8, 2006

THE GOVERNOR OF BANK INDONESIA,

BURHANUDDIN ABDULLAH

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 87 OF
2006

DPBPR

- 53 -

ELUCIDATION
TO
BANK INDONESIA REGULATION
NUMBER 8/26/PBI/2006
CONCERNING
RURAL BANKS

GENERAL REVIEW

In order to promote national economic growth and support the dynamic expansion of business activities, it is essential to have a strong and resilient national banking system which includes a sound and efficient rural banking industry capable of serving the public and especially micro and small-scale entrepreneurs.

In keeping with the vision for building a sound, strong, and efficient national banking system for creation of financial stability, it is necessary to strengthen rural bank institution, including but not limited to capital and competence of members and prospective members of Rural Bank Boards of Directors.

In addition, in order to promote the intermediary function of rural banks through expansion of office network, it is necessary to relax provisions concerning the opening of Rural Bank Branch Offices by consistently taking into considerations of prudential principles for capital capacity and business feasibility.

ARTICLE ...

ARTICLE BY ARTICLE

Article 1

Self-explanatory.

Article 2

Self-explanatory.

Article 3

The operating license shall be issued in the form of a Governor of Bank Indonesia Decree.

Article 4

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

At least 50% (fifty percent) of paid up capital of an RB shall be used for working capital, after deducted by capital costs emerging from the preparations of RB operations, including but not limited to costs of establishment and purchasing/leasing of business premises.

Article 5

Self-explanatory.

Article 6

Paragraph (1)

Letter a

In front of the RB name shall be inscribed the incorporation of the legal entity and the words “Bank Perkreditan Rakyat” or abbreviated to “BPR”.

For example : ...

For example : PT Bank Perkreditan Rakyat XYZ or PT BPR XYZ.

Letter b

Self-explanatory.

Letter c

Number 1

Self-explanatory.

Number 2

Self-explanatory.

Number 3

Self-explanatory.

Number 4

Self-explanatory.

Number 5

Self-explanatory.

Number 6

Self-explanatory.

Number 7

Self-explanatory.

Number 8

Self-explanatory.

Number 9

Self-explanatory.

Number 10

Self-explanatory.

Number 11 ...

Number 11

Self-explanatory.

Number 12

Self-explanatory.

Number 13

Self-explanatory.

Number 14

This provision is intended so that members of the Board of Directors shall not engage in activities which may interfere with the performance of their duties and responsibilities as Directors.

Number 15

Self-explanatory.

Number 16

This provision is intended to ensure members of the Board of Commissioners to make every effort to perform their functions in the supervision of the RB.

Letter d

Including but not limited to organizational chart, horizontal and vertical lines of responsibility, and the lowest position up to the level of Executive Officer.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Letter g ...

Letter g

An example of inscription of information on capital payment on a deposit slip is: “The Board of Governors of Bank Indonesia, q.q. Mr. A for establishment of PT BPR XYZ”.

Letter h

If a prospective shareholder of an RB is incorporated as a legal entity, the written statement shall be made and submitted by the management authorized to represent the legal entity concerned.

If a prospective shareholder of an RB is a Regional Government, the written statement may be substituted by a decree of the Head of the Regional Government concerned.

Paragraph (2)

Letter a

Number 1

Self-explanatory.

Number 2

In the event of any absence of prospective Controlling Shareholder, the written statement shall be signed by any prospective shareholder representing other prospective shareholders with total shareholdings at least 51% (fifty one percent).

Letter b

Number 1

Self-explanatory.

Number 2 ...

Number 2

Self-explanatory.

Number 3

Self-explanatory.

Number 4

An RB owned by a Regional Government may submit current year Regional Government Budget specifying the budget for the establishment of the RB concerned and has been ratified by the local Regional House of Representatives (DPRD).

Number 5

Self-explanatory.

Number 6

In the event of any absence of legal entity constituting a prospective Controlling Shareholder, the written statement shall be signed by the management representing the legal entity concerned with shareholdings at least 51% (fifty one percent) of shares.

Written statement of the management of a Regional Government legal entity shall be made by the Governor, Regent, or Mayor.

Number 7

The written statements shall be submitted by parties which, according to Bank Indonesia assessment,

exercise control on the whole business group, either directly or indirectly.

Number 8

“Business group” is defined as :

- a. an individual and a legal entity;
 - b. several persons; or
 - c. several legal entities,
- with relationship in management, ownership, or finance.

Number 9

Self-explanatory.

Article 7

Paragraph (1)

Self-explanatory.

Paragraph (2)

Letter a

When necessary, Bank Indonesia may conduct examination for verification of the documents.

Letter b

If a prospective Controlling Shareholder is incorporated as a legal entity, interviews shall be conducted with members of the legal entity management or officers duly authorized to represent the legal entity concerned.

In the event of any absence of prospective Controlling Shareholder, interviews shall be conducted with the

prospective ...

prospective shareholders with total shareholdings at least 51% (fifty one percent) of shares.

If an RB is a part of a holding of a business group, interviews for prospective Controlling Shareholder shall be conducted with parties which, according to Bank Indonesia assessment, exercise control on the whole business group, either directly or indirectly.

Letter c

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 8

Self-explanatory.

Article 9

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

An example of inscription of information on capital payment on a deposit slip is: “The Board of Governors of Bank Indonesia, q.q.

Mr. A ...

Mr. A for establishment of PT BPR XYZ”.

Letter f

If a prospective shareholder of an RB is a Regional Government, the written statement may be substituted by a decree of the Head of the Regional Government concerned.

Letter g

“Fixed assets and inventory” are defined as tangible assets obtained in serviceable or pre-constructed form, used in business operations and not intended for sale.

The list of fixed assets and inventory shall include information on costs.

Article 10

Self-explanatory.

Article 11

Paragraph (1)

Opening for business shall be demonstrated by operations of an RB in mobilizing and channeling funds.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 12

The incorporation and the words “Bank Perkreditan Rakyat” or “BPR” shall be clearly inscribed, among other things, on signboards, letterhead, publications used, savings book, deposit slips, and bookkeeping slips.

For example : PT Bank Perkreditan Rakyat XYZ, or PT BPR XYZ

Article 13

Self-explanatory.

Article 14

Self-explanatory.

Article 15

Self-explanatory.

Article 16

Paragraph (1)

“Applicable laws and regulations” include but not limited to provisions concerning merger, consolidation, and acquisition of RBs and provisions concerning fit and proper test for RBs.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 17

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3) ...

Paragraph (3)

With regard to issuance of approval, Bank Indonesia shall conduct administrative inquiries to ascertain that parties replacing others or new owners are not included in the list of bad debts and not under term of imposition of sanctions barring them from serving on the management of any RB, SRB, and/or Commercial Bank as stipulated in provisions concerning fit and proper test for RBs.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 18

Paragraph (1)

“Change in composition of ownership” is a change in amount of shareholdings among existing shareholders, with no replacement and/or addition of Controlling Shareholder.

Paragraph (2)

Minutes of Shareholder General Meeting or Member Meeting shall be submitted enclosing evidence of report to the authorized institution.

Paragraph (3)

Self-explanatory.

Article 19

Self-explanatory.

Article 20

Paragraph (1)

Self-explanatory.

Paragraph (2)

The value calculated for fixed assets and inventory shall be the book value.

Article 21

Paragraph (1)

If an RB receives the letter of approval of amendment to statutes from the authorized institution through a Notary Public, the report on change in authorized capital shall enclose a receipt for the letter from the Notary Public.

Paragraph (2)

Self-explanatory.

Article 22

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 23

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3) ...

Paragraph (3)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Article 24

Self-explanatory.

Article 25

Self-explanatory.

Article 26

Paragraph (1)

Self-explanatory.

Paragraph (2)

Knowledge and/or experience in banking shall be demonstrated by a formal evidence of attendance in education or a letter of confirmation on experience in banking as referred to in Article 6 paragraph (1) letter c number 11 and number 12.

Paragraph (3)

This paragraph means that anybody may only serve on member of the Board of Commissioners at no more than 3 (three) RBs, 1 (one) RB and 2 (two) SRBs, or 2 (two) RBs and 1 (one) SRB.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Meetings of the Board of Commissioners shall be proved by minutes of the meetings and regarded as supervision on the

accomplishment ...

accomplishment of duties and responsibilities of the Board of Directors.

Paragraph (6)

Self-explanatory.

Article 27

“Conflict of interest” is defined as the occurrence of any conflict between an RB economic interest and the personal economic interests of the owners, members of the Board of Directors, members the Board of Commissioners, Executive Officers, and/or other related parties.

Article 28

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Assessment includes examination on comprehensiveness and reliability of documents including information from the list of those failed and List of Bad Debts.

Article 29

Self-explanatory.

Article 30

Self-explanatory.

Article 31

Paragraph (1)

Self-explanatory. ...

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

As the consequence :

- a. Any RB in the Province of West Jawa excluding the Regencies or Municipalities of Bekasi, Bogor, Depok, and Karawang may not open its Branch Office in the Regencies or Municipalities of Bekasi, Depok, and Karawang;
- b. Any RB in the Province of Banten excluding Tangerang Regency or Tangerang Municipality may not open its Branch Office in Tangerang Regency or Municipality.

Paragraph (4)

Self-explanatory.

Article 32

Paragraph (1)

Any establishment of a Branch Office emerging from a merger or consolidation shall refer to applicable provisions concerning merger, consolidation, and acquisition of RBs.

Letter a

The number of Branch Offices to be opened shall be stated in the RB work plan.

Letter b

Fulfillment of rating requirements shall be based on the administration maintained by Bank Indonesia with reference to the latest report received by Bank Indonesia.

Letter c ...

Letter c

Self-explanatory.

Letter d

“Sufficient information technology” includes but not limited to applications for savings deposit, time deposit, and credit.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Example :

“Approved by Bank Indonesia” is for the operating license of Branch Office.

If an application for opening of 1 (one) Branch Office submitted in February 2007 is approved by Bank Indonesia in April 2007, the next application for opening of 1 (one) Branch Office may be submitted no earlier than July 2007.

Article 33

Self-explanatory.

Article 34

Self-explanatory.

Article 35

Self-explanatory.

Article 36

Paragraph (1)

The effective period of approval in principle is intended to provide time for an RB to put into place the infrastructure and facilities necessary for the operations of the Branch Office.

Paragraph (2) ...

Paragraph (2)

Self-explanatory.

Article 37

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

When necessary, Bank Indonesia may conduct examination to assess the operational readiness of the Branch Office.

Article 38

Self-explanatory.

Article 39

Paragraph (1)

The supervising office may be the head office or a Branch Office.

Paragraph (2)

Fulfillment of the rating requirement shall be based on the administration maintained by Bank Indonesia with reference to the latest report received by Bank Indonesia.

Article 40

Self-explanatory.

Article 41

Paragraph (1)

Outdoor Cash Services do not include any activities conducted for promotional purposes, non-permanent in nature, and no cash activity.

Paragraph (2) ...

Paragraph (2)

Self-explanatory.

Paragraph (3)

In this cooperation the RB does not act as a direct member of an ATM joint network.

Paragraph (4)

Self-explanatory.

Paragraph (5)

If an RB acts as an ATM card issuer, it is subject to applicable Bank Indonesia provisions concerning payment instruments using cards.

Paragraph (6)

Self-explanatory.

Article 42

Self-explanatory.

Article 43

Self-explanatory.

Article 44

Self-explanatory.

Article 45

Paragraph (1)

Any change of an RB office address within the same regency or municipality does not require any approval in principle.

Paragraph (2)

Self-explanatory.

Article 46

Self-explanatory.

Article 47

Self-explanatory.

Article 48

The evidence of office readiness includes but not limited to permits from local government agencies in compliance with applicable laws and regulations.

Article 49

Paragraph (1)

Local daily newspaper is a newspaper circulating in the area of the RB's domicile.

Notice boards shall be located at easily visible and readable places.

Paragraph (2)

When necessary, Bank Indonesia may conduct examination.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 50

Self-explanatory.

Article 51

Self-explanatory.

Article 52

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Approval of Bank Indonesia shall be issued in the form of a decree.

Paragraph (4)

Local daily newspaper is a newspaper circulating in the area of the RB's domicile.

Notice boards shall be located at easily visible and readable places.

Paragraph (5)

Evidence of announcement includes clippings of newspaper containing the announcement or photocopy of announcement placed at RB offices.

Article 53

Paragraph (1)

The applicable laws and regulations include but not limited to Act concerning Limited Liability Companies, Act concerning Cooperatives, and Act concerning Regional Government Enterprises.

Paragraph (2)

Self-explanatory.

Article 54

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Letter a

On prospective Shareholder, examination and verification on documents include information from the list of those failed and List of Bad Debts.

Letter b

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 55

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

On prospective Shareholder, examination and verification on documents include information from the list of those failed and List of Bad Debts.

Article 56

Paragraph (1)

Letter a

Self-explanatory.

Letter b

The transfer of all assets and liabilities shall be proved with notarized documents of transfer.

Paragraph (2)

The approval of Bank Indonesia shall be issued in the form of a decree.

Local daily newspaper is a newspaper circulating in the area of the RB's domicile.

Notice boards shall be located at easily visible and readable places.

Paragraph (3)

Evidence of announcement includes clippings of newspaper containing the announcement or photocopy of announcement placed at RB offices.

Article 57

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Local daily newspaper is a newspaper circulating in the area of the RB's domicile.

Notice boards shall be located at easily visible and readable places.

Paragraph (5)

Evidence of announcement includes clippings of newspaper containing the announcement or photocopy of announcement placed at RB offices.

Article 58

Paragraph (1)

Self-explanatory.

Paragraph (2)

Local daily newspaper is a newspaper circulating in the area of the RB's domicile.

Notice boards shall be located at easily visible and readable places.

Paragraph (3)

Evidence of announcement includes clippings of newspaper containing the announcement or photocopy of announcement placed at RB offices.

Article 59

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4) ...

Paragraph (4)

Local daily newspaper is a newspaper circulating in the area of the RB's domicile.

Notice boards shall be located at easily visible and readable places.

Paragraph (5)

Evidence of announcement includes clippings of newspaper containing the announcement or photocopy of announcement placed at RB offices.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Article 60

Self-explanatory.

Article 61

"To submit report" also means submitting evidences of announcement as stipulated in this Bank Indonesia Regulation.

Article 62

Self-explanatory.

Article 63

Paragraph (1)

Prohibition against provision of new funds means prohibition against extension of credit to new customers and prohibition against placement and/or extension of interbank funds.

Paragraph (2)

Self-explanatory.

Article 64

Self-explanatory.

Article 65

Self-explanatory.

Article 66

Self-explanatory.

Article 67

Self-explanatory.

Article 68

Self-explanatory.

Article 69

Paragraph (1)

To promote compliance with the paid up capital requirement, Bank Indonesia will encourage RB to conduct merger, consolidation, or acquisition.

Paragraph (2)

Request for legalization or report/application for approval shall be proved by written documents from the Head of the Regional Government to the DPRD concerned, for an RB legally incorporated as a Regional Enterprise or from the Board of Directors to the authorized institution, for an RB legally incorporated as a Limited Liability Company or Cooperative.

Article 70

Paragraph (1)

Self-explanatory.

Paragraph (2) ...

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Meetings of the Board of Commissioners with the Board of Directors shall be proved by minutes of the meetings and regarded as supervision on the accomplishment of duties and responsibilities of the Board of Directors.

Article 71

Self-explanatory.

Article 72

Self-explanatory.

Article 73

Self-explanatory.

Article 74

Self-explanatory.

Article 75

Self-explanatory.